



Director of
Central
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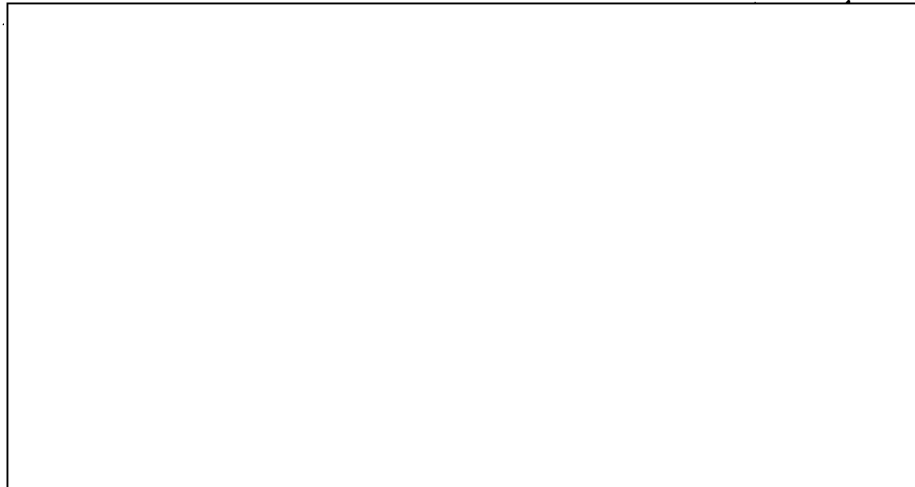
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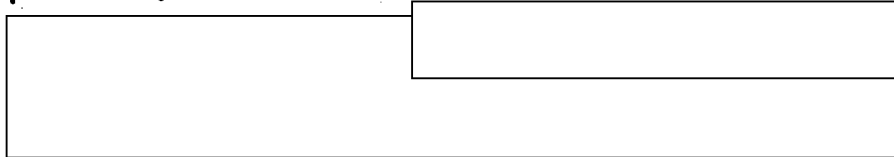
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Special Analyses



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IRAQ: Seeking Financial Assistance

Iraq is negotiating new financial arrangements with France, West Germany, and Japan to help cover payments for arms purchases and civilian projects. []

Baghdad agreed this week to provide the French about \$530 million worth of crude oil annually to help finance about 60 percent of its \$5 billion arms debt []. Iraq is seeking the necessary 50,000 barrels of oil per day from Qatar. In addition, [] Kuwait will finance at least \$100 million for the purchase from France of Super Etendard naval strike aircraft and Gazelle helicopters. []

West German companies have offered to defer for two years payments due in 1983 on an estimated \$1.2 billion that Iraq will owe for work on industrial projects. []

[] Last week the West German agency that insures export credits agreed to guarantee these payments. []

The Iraqis, however, have turned down a Japanese proposal that would enable them to defer only until 1984 payments due Japan. Baghdad told Japanese officials that they would have to offer better terms. []

Meanwhile, Iraq finally has received a \$500 million commercial loan syndicated primarily by Arab banks. This syndication is in addition to the \$800 million in concessionary loans that Iraq has received thus far from the other Arab states of the Persian Gulf. Last year Baghdad received about \$5.5 billion from those states. []

Comment: Western governments and companies probably will continue to be at least partly responsive to Iraqi requests for concessions in hopes of salvaging their already heavy financial commitments and of gaining lucrative contracts in Iraq when the war ends. At the same time, the limited Western participation in the commercial loan does not augur well for new bank credits. Iraq is likely to count on the Persian Gulf states to provide additional financial aid. []

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